



Health Services
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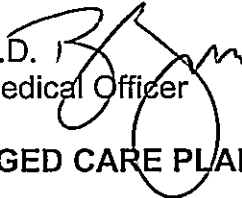
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November 15, 2006

TO: Each Supervisor

FROM: Bruce A. Chernof, M.D. 
Director and Chief Medical Officer

SUBJECT: **IMPROVING MANAGED CARE PLAN COLLECTIONS**

As referenced in my August 15, 2006 memo to you, this is to provide an update on our progress in improving Managed Care and Health Care Plan (HCP) billing and collections during the third quarter of Calendar Year 2006.

- The Ad Hoc Committee, comprised of County Counsel, facility designated physicians, Patient Financial Services (PFS) Directors, Chief Financial Officers (CFOs), and Utilization Review (UR) Directors, continues to meet on a monthly basis to review the current facility procedures, identify ways to improve the authorization process, develop revised policies and procedures, and enrich the knowledge base of physicians and other designated facility personnel through a training program.
- The lawsuit filed by Maxicare against one of their creditors has been tentatively settled pending bankruptcy court approval. DHS was notified on January 4, 2006, that final approval by the court has been delayed until summer of 2006. DHS anticipates receipt of the final settlement of \$1.4 million by the end of calendar year 2006; this payment will bring our settlement total to \$2.6 million.
- Universal Care (UC) and Revenue Management (RM) are adjudicating the outstanding claims for dates of services through March 31, 2006. On September 28, 2006, UC requested another extension for completion of the claims adjudication process due to personnel problems. The goal for completion has been extended to December 2006.
- On April 14, 2006, the Watts Health Foundation, Inc. dba UHP Healthcare (UHP) Board agreed to accept the sale offer from Care 1st Health Plan (Care 1st) to purchase several lines of their HMP business. On September 1, 2006, Care 1st completed their purchase of UHP's HMO business.

On October 2, 2001, DHS entered into a contractual relationship with Care 1st. As a way of showing their commitment to continuing their partnership with DHS, Care 1st adjudicated and paid UHP's post-petition outstanding emergency services claims for dates of service June 1, 2005 through July 26, 2006.

- To address outstanding issues related to obtaining authorizations for admission as well as obtaining continued stay authorizations, Health Net and Molina Healthcare management attended the Ad Hoc Committee meetings on August 15, and September 19, 2006 respectively. During the meetings, Health Net and Molina re-stated their commitment to continuing its partnership with DHS. The meetings were well received by both sides, and it was agreed that the group would meet quarterly to address any outstanding issues.
- Health Net and RM have completed adjudicating the remaining CY 2004 outstanding claims and the first, second, and third quarters CY 2005 outstanding claims. DHS expects to receive its checks by mid December 2006. Once the checks are received and the reconciliation is complete; Health Net and RM will begin adjudicating the remaining outstanding emergency services claims for the last quarter of CY 2005 through the third quarters of CY 2006. The goal for completion is March 2007.
- The new replacement agreement for Molina Healthcare was approved by your Board on September 5, 2006.

In January 2001, your Board directed DHS to improve its Managed Care and HCP billings and collections and to report quarterly on the progress and improvements. I am pleased to report that the improvements have been maintained for the past four years allowing DHS to conclude that it has completed the Board assignment. As a result of the success of this initiative, I am recommending that this report serve as the final report.

If you have questions, please let me know.

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c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors